



CONDENSED HISTORY Of De Palm Corporation and subsidiaries

Mr. Luis C. De Palm founded De Palm Tours in 1960. In the eleven years that Mr. De Palm owned the Company, he provided a high level of service, which gave the company a strong level of acceptance in the tourism field in Aruba as well as the travel community abroad. His commitment to service also provided the Company with a strong foundation on which a healthy future could be built.

Purchasing of De Palm Tours in 1971:

In 1971 Harold D. Malmberg and Ramon A. Richardson purchased the company from Mr. De Palm. At that time both of the new owners of De Palm Tours were employed by S.E.L. Maduro & Sons in Aruba.

When they acquired the company, the total fleet consisted of three fifteen seat busses, one thirty seater and 6 employees. None of these busses had air-conditioning. The new owners immediately began to restructure the company. Old equipments were replaced with modern air-conditioned ones, capable of transporting more people faster and with greater comfort. New innovative sales and marketing techniques were introduced. Apart from pre-selling most of their products exclusively through wholesalers and travel agents, De Palm tours also started to aggressively sell its services to local residents and through sales offices - located in the Aruban hotels - directly to tourists after their arrival in Aruba. This policy has remained up-to this day and the Company now has a total of fifteen sales offices in Aruba, most of them in hotels. Financial reporting and control systems were established in order to judge each operational phase quicker and to remedy any problems on the spot. Internally, Management established sales and training programs for all personnel.

Finding the funds to buy De Palm Tours:

Buying De Palm Tours required a lot of innovative financial thinking. Harold Malmberg sold his home, his car and used up all his life-savings to make a down payment on the purchase of the company. He thought that the balance of the amount could be paid by taking a loan from one of the local banks. Aruba had the following banks at that time (in 1971):

1. Aruba Bank.
2. Caribbean Mercantile bank.
3. Hollandsche Bank Unie, which had recently bought Aruba Commercial Bank from the Arends family.

These were the only lending institutions and/or commercial banks in Aruba at that time. Unfortunately, all the banks turned down the deal without giving a worthwhile explanation for their lack of interest. Harold Malmberg did not give-up and proceeded to contact Mr. Paul V. Sjiem-Fat, who was a very prominent lawyer in Aruba at that time. Together they contacted local individuals with the proposal to become private lenders at a very attractive interest rate. At that time the banks were paying 4.5% interest on savings accounts. De Palm Tours proposed a very attractive interest rate of 10% per annum to private lenders. This was more than twice the amount offered by the banks. In view of this, they were able to quickly raise the required amounts through the persons mentioned below:

1. Mr. Paul V. Sjiem-Fat
2. Mr. Ruel V. Marques
3. Dr. Theo H. K. Lin
4. Meleno E. V. Pourier
5. Steff Van Aert
6. Astrando R.S. Bergen
7. Andre G. Rijsdijk
8. Ramon A. Richardson
9. Candido Felician

The lenders demanded for Harold D. Malmberg to take a life insurance on his name and mention their names as the beneficiaries. This was done with ENNIA policy number 477201.

All the lenders were paid back on time as agreed. Some were paid back ahead of time due to their decision to repatriate back to Holland before the expiry date of the loan. Shortly after the loan transaction was completed and Mr. De Palm was paid in full, Citibank established a commercial bank branch in Aruba. They became the house bank of De Palm Tours. When Citibank left Aruba in November 1986, De Palm Tours transferred its account to Aruba Bank, which bank has remained the house-bank of the company to this date.

Funding institutions at that time:

The funding institutions at that time did not have the mind-set or the appetite to fund venture capital and were mostly interested in keeping the status quo in the economy and the community. They funded established companies with known track records, demanded excessive collaterals and did not look at the value of new ideas and the new players, who wanted to join into the economic process. The cash-flow projections of new projects did not play an important role in their assessments. This forced new entrepreneurs to look for innovative ways and break new grounds; they had to “think out of the box”.

De Palm Car Rental N.V.

In January 1972 when management saw that De Palm Tours was well on its way, it decided that more products were needed and consequently purchased a car rental company called Caribex from Mr. Joe Horngrad. The entire fleet consisted of eight cars, operating from the parking-lot of Manchebo Beach hotel. This company later became De Palm Car Rental N.V. On July first 1972 they were granted the Hertz franchise which they operated for 28 years. This company's fleet fluctuated between 150 and 220 cars, depending on the market conditions from year to year. De Palm Car Rental was among the first car rental companies in Aruba.

Selling the Hertz Car Rental business unit and changing that company's line of business.

In February 2000 the assets of this Company were sold to Jolly Corporation and consequently discontinued its car rental activities as part of a restructuring plan. The name of De Palm Car Rental was kept and the business activities of the company were modified. The company's fleet now consists of the following vehicles:

- All Terrain Vehicles, which are four wheel motor bikes.
- Land Rovers.
- Wrangler Jeeps.

These vehicles are being used to organize sightseeing tours, where the vehicles follow each other in a caravan style in groups of not exceeding 10 vehicles. This activity has far better profit prospects with a much smaller fleet of vehicles than the car rental business.

De Palm Water sports N.V.

In 1975, when De Palm Tours and De Palm Car Rental were doing well, they founded a Company named De Palm Watersports N.V. and bought the Aruba watersports company from Aruba Caribbean Hotel (now Radisson hotel). This hotel's policy was to offer Watersports services only to guests staying at their and the Sheraton hotel, located next door (now Aruba Grand hotel). De Palm tours immediately made this important guest recreation facility available to all hotel guests in Aruba as well as local residents.

De Palm Tours not only became a pioneer in Watersports, but also made it possible for local residents to enjoy these facilities, which were previously only available to tourists. Today it is normal for local residents and school excursions to go on glass bottom boat trips, sightseeing tours etc. De Palm Watersports was the first non-hotel, who owned a Watersports company in Aruba.

The policy to encourage the local population to make use of all recreational facilities offered by De Palm Tours has remained in force up to this date.

Headquarters

In 1974 De Palm Holdings moved to their own modest building located at L.G. Smith Boulevard 142 and immediately started to make plans for expansion to cope with the constant growing demands. Before moving to their own building they were forced to operate under the following conditions:

- The busses were parked in the yard of the house of Dries Maduro, who was one of the bus drivers.
- Dries stayed with the company until his retirement after 35 years of service.
- The maintenance work of the company's vehicles were done at the home of Friedo Dubero, who was the company's mechanic.
- The rental car fleets were stationed in the parking lot of Manchebo Beach hotel.
- The company's main office and the administration were done in a hotel room, which was rented from Divi-Divi Beach Hotels.

In 1981 the expansion (phase 2) of the existing building was completed and they were able to offer better accommodation to all departments of the company. Consequently, the management, maintenance, accounting, data processing etc. were housed under one roof.

De Palm Holdings N.V.

In 1982 De Palm Holdings N.V. was set up as the parent company to form an umbrella over the operating companies. Management demonstrated a special ability to capitalize on opportunities as they arose in Aruba's tourist business and the companies experienced a dynamic growth.

De Palm Corporation N.V.

As the company grew it became desirable to move all the support departments under one management company, called De Palm Corporation. De support department are those departments, which generate no direct income from consumers, but they are essential to properly manage all the company's profit centers.

The Corporate support departments are:

- Human Resources.
- Management and Board members.
- Accounting department.
- Computer department.
- Maintenance department.
- Central purchasing.
- Sales and Marketing.

All the profit centers remained in their own respective companies. The De Palm Management N.V. underwent a name-change to a more recognizable name in the corporate world. The new name became De Palm Corporation N.V.

Continuity of the Company

In August 1982, Ricky Malmberg, son of Harold Malmberg, joined the company after graduating from the University of Villanueva in Miami, Florida with a Bachelors Degree in Business Management. Although his daughter, Lisette Malmberg, graduated together with Ricky at the same University with a Bachelors Degree in Marketing, she did not join the company until October 1984. She worked in Florida for two years to gain some experience. The younger generation contributed substantially to the growth of the company and came with numerous new ideas. Today they hold highly responsible management positions in the company and are widely respected in Aruba as well as abroad for their knowledge of the company and their broad expertise in the tourism trade. Their commitment to the Company has also given financial institutions, other lenders, clients and the members of the local tourism industry the confidence that the continuity of the Company is secured and that its future will be in good hands.

Lisette Malmberg's new career:

During the early part of the year 2001, Lisette Malmberg decided to take a sabbatical from the company to realize an additional dream and became a Theology student, with the intention to become a pastor. She now

has her Bachelor degree in Theology and is continuing with her Masters. She is fully intended to go for her PhD in due time. She now is a Pastor and we are proud to say that the congregation of her church is growing very fast. They are helping young people with drug problems. They make strong efforts to rehabilitate them and offer them useful careers in our community. They are also assisting abused women and children. Lisette will remain a shareholder and an active Director of our company and as such she remains very involved with the management of the company. In 2004 Lisette rejoined the company and is sharing her time 50/50 between her Church and De Palm Corporation.

Buying out his partner:

On March 28th 1983 Harold D. Malmberg purchased the shares from his partner, Mr. Ramon A. Richardson. Major organizational changes were then introduced in 1984 to cope with the new situation. Modern computerized record keeping systems were introduced in July 1983, giving more timely information. A bus renewal and equipment standardization program was initiated with the purchase of 5 deluxe air-conditioned Volvo motor coaches in December 1985.

The company now has the following three shareholders:

1. Harold D. Malmberg – 60%
2. Ricardo D. Malmberg – 20%
3. Lisette M. Malmberg – 20%

Bus & Truck fleet:

Today the "De Palm Group" has earned a strong foothold in Aruba's tourism industry and has a substantial edge over all newcomers in this field. Their total fleet now consists of 35 deluxe Volvo motor coaches and one small Toyota bus, all air-conditioned with a total seating capacity of over 1,800 passengers. The coaches are also equipped with video players and TV's to offer the best possible information and recreation during the trips. The company also has a fleet of fully enclosed trucks, which are used to transport baggage of groups. By separating the transportation of passengers and baggage the groups can leave the airport as soon as they clear customs and do not need to wait for their baggage to be loaded in the baggage compartments of their busses.

De Palm Island N.V.

When the LAGO refinery closed its doors in 1985, De Palm Holdings - concluded that tourism would replace oil refining and would become the most important pillar of Aruba's economy. They therefore started to search for a new recreational venue, capable of providing visitors of Aruba and local residents unique and innovative entertainment possibilities. The added intention was that this facility would also offer a new tourism attraction and a destination for their boats, busses, cars, etc to go to. The main purpose was to solidify the company's lead position in Aruba's tourism industry. This is how the idea to acquire a private island and develop it as an entertainment center came up. This project became a model for the Caribbean. Several million dollars were invested in this private island, which opened in January 1988. It has quickly become the entertainment center for individual visitors, as well as visiting groups and local residents. The largest group entertained on the island so far in one single function consisted of 1,200 passengers. The island is suited for theme parties as well as all kinds of other functions. It is also situated in the midst of fabulous coral reef formations, and is inhabited by the most colorful variety of tropical marine life and fishes. It has therefore become the ideal spot for snorkeling. Apart from tourists, local residents also make ample use of this facility for office parties, weddings etc.

On this private island, called De Palm Island, you will find several buildings where bars, restaurants, a souvenir store, beaches and several kitchens are available. It is suited for daytime as well as evening activities.

In the process, De Palm Island has created an attractive destination for the boats of De Palm Water sports, the busses of De Palm Tours and the vehicles of De Palm Car rental etc. In other words these companies have one more place to take their clients to. A pier, called Port De Palm, was built at Balashi on the main island of Aruba - across from De Palm Island to facilitate access to it. De Palm Island owns a fleet of ferry-boats, which are used to take the passengers back and forth between the main island of Aruba and De Palm Island. The ferry-boats leave every 15 minutes.

De Palm Island is a logical extension of the present structure of the companies. It offers the De Palm Group of companies an excellent opportunity to further enhance their own product lines and services. In return the other members of De Palm Group make their contribution by constantly sending a flow of customers to De Palm Island.

De Palm Island became an all inclusive island

In order to tighten the financial controls, De Palm Island became an all inclusive destination. Visitors pay **one price**, which include the ferry-boat ride to and from the island, snorkeling equipment, all meals and all beverages. The cashier stations on De Palm Island were removed and no cash exchanged hands anymore once the passengers arrive on De Palm Island. The only available optional activities are Seatrek, purchasing at the local souvenir shop and the snuba diving trips. Seatrek is an underwater park developed and built by De Palm Island. This was done by sinking two airplanes and one old bus of De Palm Tours, which attracted a large variety of tropical fish, who made these vehicles their new home.

The future plans are to add the following features to De Palm Island:

- Build a water park, which will be fully operational in April 2006.
- Establish an animal encounter - similar to the ***Sting Ray City*** of Grand Cayman.
- If possible add a Dolphin encounter – similar to the one in Curacao.
- Build a full fledged scuba diving operation.

Greatest challenge:

The greatest challenge the company had to face in its history was during the period between 1986 and 1988 when S.E.L, Maduro & Sons (Aruba) NV started a new subsidiary called Pelican Tours, who became a fervent competitor of De Palm Tours. Their competitive approach initiated a financially debilitating price war, which eroded the financial position of ***both companies***. In April 1988 De Palm Tours bought the operations of Pelican Tours, together with their fleet of seven Volvo busses. This occurrence seemed to have sent the following important messages to the business and financial community of Aruba:

1. The banking sector is now more skeptical to once again fund any company, who want to go into a bruising competitive showdown with De Palm Tours, who has been in this business for the past 46 years and enjoys a well deserved reputation and customer loyalty in their various lines of business.
2. Well funded local companies, who might contemplate to use their own cash reserves to enter into this business, also came to the same conclusion as the funding institutions.
3. Aruba's market is too small to support two companies of this size.

De Palm Financial Services N.V. (Western Union agent):

In October 1993 a new company was added to De Palm Group, namely De Palm Financial Services N.V. This company represents Western Union money transfer services in Aruba. Western Union has 22.000 branch offices worldwide. They are in business for over 150 years. During this period they created one of the most advanced and fully computerized money transfer companies in the world. De Palm Group's computers are directly linked to that of Western Union, which make it possible for monies to reach their destination within seconds. Parents now send money to their children studying abroad, foreign workers can send money to their relatives at their home country and tourists - who run out of money, can receive funds from relatives within minutes. This company - similar to local banks - is under strict supervision of the Central Bank. Western Union is represented in Holland by the ING's branch called "Postspaarbank". In Curacao and St. Maarten Western Union is represented by DHL courier services. De Palm Corporation has decided to discontinue this economic activity, which is no longer as profitable as in the past. This business will be closed effective January 1st 2006. This shows that the company has the courage to dismantle an existing operation As soon as it is no longer capable of producing the expected revenues for the group.

De Palm's representation department:

De Palm grew together with the new requirements of the travel community abroad. When it became evident that Travel Wholesalers, Charter operators and other group organizers wanted to have a local representation

for their company to attend to the needs of their customers during their stay in Aruba, De Palm Tours immediately launched this service. Today this department handles local affairs of most of the large and small group companies and FIT travel providers. They handle complaints or cater to all the wishes of the customers of these travel companies as if they each had a branch office of their own in Aruba. The services of this very experienced department ranges from attending to customers, who upon arrival have decided to change hotel or change their hotel rooms, to having set desk hours at the various hotels and handling all desires of the customers during their vacation. The customer service philosophy of this department is:

“Nobody leaves Aruba unhappy!”

All the unfulfilled wishes, complaints etc of our customers are handled and settled before their departure from Aruba” This commitment to customer service has created a substantial number of word of mouth advertising and many repeat customers for our travel clients as well as for Aruba and our company.

Destination Management Department (DMS):

This department was founded many years ago. Here we employ highly specialized individuals, who are capable to organize all kinds of events for Incentive travel planners, meeting and convention planners as well as all kind of group planners. We have the ability and contacts on the island to organize any type of events requested by these customers, who specialize in the group business - including theme parties.

De Palm’s hotel desk department:

Early on it became evident that the company needed a department, who would be in charge of selling all the company’s products to Aruba’s visitors after their arrival in Aruba. The hotel desk department was launched since the first day of the company’s existence. Their responsibility is to act as the local retail travel agent for all companies belonging to De Palm Tours group. This department wanted to make sure that visitors of Aruba do not need to leave their hotel to search for any of the recreational product lines sold by De Palm Tours. The company therefore has branch office in 15 hotels in Aruba.

Hotel desk department as a profit center:

To get an economic handle on the financial performance of this department it was decided that all companies of De Palm Corporation would pay a commission of around 25% of sales to the hotel desk department. From this commission income the hotel desk department has to pay its rent in the hotels, the payroll of its sales staff, its operating expenses and make a profit. As the designated internal travel agent for all our companies, they had to search for ways to increase their income. Consequently, the hotel desk department accepted to sell non-competing third party products, in order to amplify its commissionable income and profits.

Selling of third party products & services:

Since the company has sales desks in most hotels and over the many years gained a substantial expertise in selling & marketing their products to visitors of Aruba, they also decided to sell the products of several other companies (third parties) on a commission basis through their hotel desks. De Palm Tours therefore sells fishing trips, Horse back tours, Atlantis submarine etc. belonging to third parties. This is a great service to small companies on Aruba, who have unique products but do not want build a large sales and marketing team to successfully sell their services to Aruba’s visitors. While it has build a substantial amount of good-will for the company in the community it has also created an additional source of income for the company.

De Palm’s Concierge department:

As time went by it was evident that the company had developed such a vast knowledge of all facets of the travel industry that they offered their services to the hotels of Aruba to manage their concierge desks for them. At this moment De Palm Tours manages the concierge desks of five hotels in Aruba.

Cruise Ship sales & services department:

This department deals with all the shore excursion and sales requirements of the cruise industry. They are in direct contact with the Cruise companies, whose vessels make regular calls at Aruba. They are constantly on the lookout to create new and innovative shore excursion activities for the cruise industry. They also

study the development and evolution of the cruise industry very closely to stay in tune with the new requirements as they arise.

Retail stores called Coconuts by De Palm:

When looking at the market-place we concluded that we handled a total of 720,000 passengers during the course of 2005 of which 145,000 persons visited De Palm Island. But we did nothing to make these people remember our company. So, we started to look into souvenir articles and T-shirts printed with the brand name of our various tour products. We also noted that none of the existing retail stores in Aruba took the initiative to market products with our name on it and/or tourism memorabilia carrying our brand name. During our studies of this situation we concluded that we should get into the retail store business and open several retail stores at well chosen locations in Aruba to rectify this situation.

The name of our stores will be *Coconuts by De Palm*. We opened our first upscale store on Monday January 30th 2006. It is located on the beach of the Occidental hotel, which was formerly called Allegro Beach Hotel. 80% of the floor space of this store will be used for retail business, such as clothing, swim wear and an ample selection of all the tourism related beachwear, clothing, etc and 20% will be used for a tour sales office for De Palm tours. We are now in the process of developing a line that will carry the names of our company's many tour products.

De Palm Group:

De Palm Group presently employs close to 300 tourism professionals, who are totally dedicated to the tourism industry. Together they have represented a variety of specializations in the tourism industry and form an important part of Aruba's tourism infrastructure. Notwithstanding the fast growth, the company has managed to maintain its strong commitment to the philosophy of excellence. More importantly, the company has built and maintains a very strong relationship with its staff and employees.

Today we can safely say, that De Palm Group, committed to the concept of one-stop shopping, is the most complete destination Management Company in the Caribbean, staffed and equipped to handle any request from the travel industry. Now travel agents abroad can buy tourism services ranging from airport/hotel transportation, sightseeing, boat trips, rent-a-car, Safari tours. Additionally, De Palm offers day trips to Bonaire, Venezuela and Curacao, hotel rooms for sale etc. Today members of the travel community abroad can have access to all these tourism products and services by sending just one fax or e-mail to De Palm Tours.

The company now has 15 branch offices in the various hotels and conducts guest orientation meetings at the hotels to familiarize newly arrived guests with their range of activities as well as general information about Aruba. As mentioned before, one very important convenience for Aruba's visitors is that they do not need to leave their hotel to book any activities offered by De Palm group.

Public's perception of the company:

Since the company has a fleet of busses driving all over the island, the public's perception is that the company's business is limited to its bus operation only. It took the other companies of the group a longer time to be recognized as part of the group. Today the bus fleet of De Palm Tours carries in their back panel cross promotional information about the other departments and products belonging to the group to create a better awareness about the diversity group.

Cooperation:

Since Aruba is so well-known for the close working relationship among members of the tourism community, it is more than logical for De Palm's group of companies to work closely with the Aruba Hotel and Tourism Association (AHATA) as well as the Government's Aruba Tourism Authority (ATA). This policy has made it possible for the company to remain in tune with Aruba's latest developments.

It also provided the company with the opportunity to contribute to Aruba's tourism development by making the vast experience, which they have acquired over the years, available to the Aruban tourism community. The involvement of the company and the fact that it forms such an important part of Aruba's well-

coordinated tourism management team allowed them to become a part of the promotional activities of the Island. By working closely together, the interests of the Private sector and public sector are closely watched and dealt with in such a way that the general interest of the country as a whole prevails, while protecting the individual needs of those involved. The ultimate goal is to develop a successful tourist industry for the benefit of all parties.

De Palm Group now consists of eleven profit centers divided over the following eight companies:

1. De Palm Holdings NV.....Investment company
2. De Palm Corporation NV.....Management company
3. De Palm Tours NV.....Profit Center
4. Bruno Tours NVProfit Center
5. De Palm Watersports NV..... Profit Center
6. De Palm Island NV..... Profit Center
7. De Palm Underwater Park NV Profit Center
8. Coconuts by De Palm Profit Center
9. De Palm Car Rental NV.....Profit Center

Total Quality Management (TQM):

In July 1995 the company hired the services of an external TQM consultant from the USA, Mr. Jim Stansbury of Quality Management Associates to assist them with the introduction of the Total Quality Management concept (TQM). In the process the initiation of the decentralization of management of the companies was commenced to give more authority, responsibility and accountability to the various department heads of the company. The entire company is now involved in this process. The vision, mission and values of the company were formalized and are used as a guide to keep the entire company focused on the road the owners have stipulated for their company. The introduction of TQM as a management tool is of great value to the company.

Pioneering work:

It can be said that De Palm Group, with its business concepts, can be counted among the pioneers in the Caribbean and particularly in Aruba's tourism industry. With the aid of state of the art computer systems and modern management concepts they keep track of all phases of their operation.

The Mission, Vision and Values are as follows:

MISSION STATEMENT:

WE ARE A COMMUNITY OF PEOPLE, DEDICATED TO PROVIDING A HIGH QUALITY PRODUCT TO ALL THOSE WE SERVE.

VISION STATEMENT:

WE WILL BE THE BEST MANAGED COMPANY IN THE CARIBBEAN AND THE NUMBER ONE CHOICE OF ARUBA'S CUSTOMERS. WE WILL SERVE AND PROTECT THE INTERESTS OF ALL OUR STAKEHOLDERS, WHICH ARE OUR CUSTOMERS, EMPLOYEES, SUPPLIERS, PARTNERS AND SHAREHOLDERS. WE WILL ALWAYS REMEMBER THAT WE EXIST BECAUSE OF OUR CUSTOMERS.

Definition of best managed:

We will be the number one choice of Aruba's customers.

We will earn this choice through high quality service.
We will be highly profitable.
We will have high stakeholder return.
We will build on mutually beneficial partnerships.
We will be the preferred employer for the citizens of Aruba.
We are committed to truth, learning and continuous improvement.

VALUES

We, at De Palm Tours, are committed to the following Values:

INTEGRITY

By this we mean an open, honest and fair management style with employees at all levels being encouraged to contribute to the decision making process. This will be accomplished through applying ethical business practices and standards.

LOYALTY

We will be faithful to our mission, vision, values, customers, suppliers, employees as well as our partners *and expect the same in return.*

CREATIVITY

Our business constantly requires paradigm shifts. In order for us to excel and innovate, we need to apply unique solutions and have the ability to continuously adapt to new business environments and new business situations.

CONTINUOUS IMPROVEMENT

EXCELLENCE:

We strive for excellence in everything we do. All our products and services must be of expected quality and cost effective. We will deliver what we promise.

SELF - DEVELOPMENT:

We foster opportunities for all our employees to grow, both professionally and personally.

PROCESS FOCUS:

We are committed to develop the process improvement skills of people at all levels of the organization and empower them to put those skills into practice.

RECOGNITION:

We encourage and recognize superior performance, initiatives and new ideas.

CUSTOMER ORIENTATION:

All our employees must be aware of and understand the expectations of our customers. They must continuously strive to meet or exceed these expectations. It is a well-known fact that we exist because of our customers.

De Palm Tours has the following overseas representations:

USA

Ms Betsy Braconi,
TMS - 343 Neponset Street, CANTON, MA 02021, USA
Tel (617) 821 1012 or 1-800 766 6016
Fax (617) 821 1568

Europe

Ms Lydia Havermans,

c/o Interreps, Visseringlaan 24, 2288 ER RIJSWIJK, Holland.
Tel: (070) 390 5159
Fax: (070) 336 8333

TQM:

The TQM management style assisted us in our efforts to delegate more responsibilities to our Managers. This freed up the Board members from the day-to-day management activities and allowed them to allocate more time to planning, strategizing and capture opportunities as they arise and focus on more important as well as big-picture matters. Goals were set and reached and Managers were being evaluated based on their performance. We live-up to the TQM spirit by measuring performance and quantifying the processes. Our commitment to continued improvement gave us the obligation to determine if from one period to the other improvements are being made. This makes it very difficult for competitors to catch up with the caliber of our products, because we keep on moving the bar forward. We still have some improvements ahead of us, because the TQM Management concept is an unlimited Journey and not a destination.

Family Retreat:

During 1995 the shareholders, consisting of the Malmberg Family, organized a retreat. Mr. Jaap Beaujon – a business consultant of the Family, was hired to act as the facilitator. The objective was to sharpen our strategic focus, discuss how our experience, business knowledge and worldwide contacts could be put to better use for the Corporation and its stakeholders (Shareholders, employees, suppliers and customers).

The following topics were discussed:

- Where are we right now?
- Where do we want to go in the future?
- How will we get there?
- We included our personal goals and quality of life wishes in the discussion.
- How will we have the time to maintain our Focus on our vision, Mission and Values.

The restructuring plan:

- Create a five person Board of Directors.
- The Malmbergs, as shareholders, are the overall team leaders.
- Create a new position of General Manager and a financial controller to manage the day-to day operations of the Corporation.
- Make them a member of the Board to secure an adhesive team concept.
- Decentralize daily management activities of the companies. But supply the day-to-day management team with well defined expectations from the shareholders to avoid misunderstandings.
- Measure the expected progress on a set periodical basis to keep the team focused on the board requirements.
- Have the senior Board members and shareholders utilize their vast experience, gained over many years in this business sector, to set policies and give overall guidance to the company.

1999 Business Plans:

The 1999 business plans included divestiture from our Car Rental Activities, which has happened in the year 2000. We have replaced the loss of income from the car rental business with the creation of profitable off-road products. We did this by acquiring a fleet of Landrover Jeeps, Wranglers Jeeps and four wheel motor cycles, which we use for our sightseeing offerings at roads, which are not suitable for our busses.

The new Board of Directors consist of the following persons:

Harold D. Malmberg – Chairman of the Board
Ricardo D. Malmberg – Director of the Board
Lisette M. Malmberg – Director of the Board

Reason for having the day-to-day management team leaders form part of the Board:

- The general manager and the financial controller will form part of the Board.
- This will secure a well coordinated approach towards the decisions made by the Board.
- Efficient and timely execution of the Board's decisions are secured by allowing the management team to participate in the decision making process.

The Board was installed on May 1, 1999. We are very pleased about our achievements and are now focussing on the future of Aruba. We are very proud about the employees and staff-members, who are presently working for our various Companies. We can safely state with assurance that they are among the finest persons available in this industry today. Our Company will remain committed as a strong supporter of the future development of Tourism of our country.

Change the by-laws of De Palm Corporation:

In the past the shareholders were board members and at the same time managed the day-to day affairs of the companies. Now that the decision is made to split these functions, we also had to change the by-laws of the corporation to make it mandatory that far reaching decision making powers remain in the hands of the shareholders exclusively. In the process the decision making powers of the management team were well defined, the boundaries were set and the execution of the wishes of the shareholders secured. Any decisions beyond the established boundaries of the management team will need the prior approval of the shareholders.

Purpose of this document:

This document is a work in progress. We will therefore update it to keep it current. The main purpose is to keep our history in front of us and keep us focused on our chosen direction as time goes by.